



Report for June Quarter 2019

30 July 2019

ASX Code: PUA, PUAOC

Pure Alumina makes progress on acquisition of Polar Sapphire to facilitate becoming a producer of premium quality low cost high purity alumina

Quarterly Highlights

- Pure Alumina is currently undertaking a \$30m capital raise to fund the Polar acquisition and to build a 1,000tpa HPA plant.
- A global investor roadshow is at an advanced stage with site visits to Polar's HPA pilot plant, investor due diligence and follow up meetings currently occurring.
- Due diligence for the Polar transaction is essentially complete.
- The timeline to complete the Polar transaction has been extended to 30 September 2019 with Pure Alumina no longer retaining exclusive rights to the acquisition of Polar Sapphire.
- Discussions are underway with the preferred bidder for the Hill End gold project to secure a binding purchase agreement.
- Pure Alumina successfully completed a share purchase plan and top up placement raising \$1.75 million



Corporate

During the June quarter Pure Alumina focussed efforts on satisfying the conditions necessary to acquire Polar Sapphire Limited (Polar) from private equity interests for C\$25.75m in Pure Alumina shares and cash as outlined in the ASX announcement of 21 March 2019.

Polar has perfected its proprietary technology to produce premium 99.999% (5N) high purity alumina (HPA) at its Toronto pilot plant and is seeking capital to commercialise its process. Acquiring Polar and raising the necessary capital will enable Pure Alumina to fast track its plans to construct a 1,000 tpa plant to produce HPA within 12 months at a competitively low capital cost. Assuming completion of the acquisition, Pure Alumina aims to rapidly expand HPA production to 5,000tpa within three years to capture exceptional growth in HPA demand for use in LED lighting, coatings on lithium battery separators for electric vehicles and other uses.

Due diligence for the transaction is essentially complete. Pure Alumina has completed its due diligence of Polar and identified no material legal, financial, commercial or technical issues. Polar has similarly undertaken due diligence of Pure Alumina and has not informed the Company of any substantive issues.

The \$30m capital raise was the major activity during the quarter. After agreeing mandates with Patersons and Fraser McKenzie Merchant Capital, a global roadshow to brief investors in Europe, North America and Australia was undertaken. There was strong interest and positive feedback. Currently, follow up meetings, site visits by investors to Polar's HPA pilot plant and investor due diligence is underway. The capital raise has been extended to capture those who were absent during the holiday periods in the northern hemisphere and Australia.

Pure Alumina is preparing a notice of meeting and independent expert report on the transaction to enable shareholders to consider and vote on the transaction once the capital raise and other conditions precedent are satisfied. The notice of meeting will be sent to shareholders once finalised and approved by the ASX.

Pure Alumina and Polar agreed to extend their acquisition agreement to 30 September 2019 to allow sufficient time to complete the transaction. However, PUA no longer has exclusivity for the acquisition of Polar (see ASX Release of 24 July 2019).

On 23 April 2019, Pure Alumina announced a Share Purchase Plan (SPP) and optional top up placement to raise up to \$1.75 million. As announced on 30 May and 12 June 2019 the SPP and top up placement successfully raised \$1,753,180 at the price of \$0.0346 per share which was determined by applying a 20% discount to the volume-weighted average price (VWAP) of fully paid ordinary shares in the capital of the Company over the five trading days, on which the shares traded, prior to 29 May 2019.



Pure Alumina appreciates the support of its shareholders in delivering the successful SPP and top up placement.

Yendon High Purity Alumina Project

The HPA Project tenements, Exploration Licences 5457, 5461, 006447 and 006428, are located at Pittong and Yendon near Ballarat, Victoria, where kaolin mining and processing has occurred for decades. The Yendon kaolin resource is located on EL5457 and EL5461. Application for a retention licence over the Yendon kaolin deposit has been made to the Victorian Mines Department.

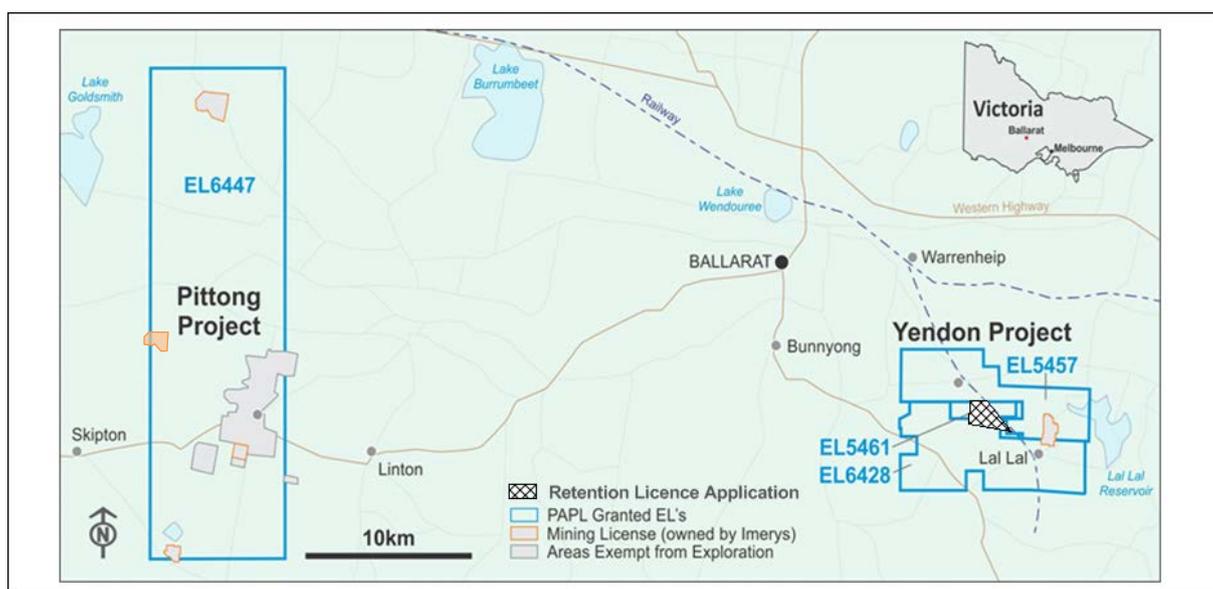


Figure 1: PUA HPA project location near Ballarat, Victoria

Following the successful completion of the pre-feasibility study (PFS) of the Yendon high purity alumina (HPA) project, Pure Alumina commenced work on the definitive feasibility study (DFS). In addition to the usual requirements of a DFS, Pure Alumina has prioritised work on reducing the capital and operating costs outlined in the PFS.

During the June quarter activities on the Yendon project were at a minimal level to enable the Company to focus on advancing the Polar acquisition and the sale of the Hill End gold assets. However a historic data review was conducted of the Pittong area to the west of Ballarat (EL6447). It identified 13 areas where kaolin has been identified previously. The kaolin zones range from surface exposure to areas that have been sampled to those that have had historic drilling. It is proposed to assess each of these kaolin areas in due course.

Hill End Gold Project

Pure Alumina has appointed PCF Capital to undertake a sale process for its gold assets.



To date, more than 40 companies have viewed the data and this has resulted in a range of offers for the gold assets.

Parties who were in the second round of participants for the gold assets have now completed due diligence and discussions are underway with the preferred bidder to secure a binding agreement.

Current Tenement Schedule

The table below contains details of tenements held by PUA and its controlled entities at the end of the quarter.

Project	Tenement	Grant / Application Date	Expiry Date	Area
Hill End (NSW)	Exploration Licence No 5868 (1992) ¹	18/06/2001	renewal pending	16 units
Hill End (NSW)	Gold Lease No 5846 (1906) ¹	15/02/1968	7/12/2019	2.044 hectares
Hill End (NSW)	Mining Lease No 1116 (1973) ¹	28/03/1984	16/10/2024	15.71 hectares
Hill End (NSW)	Mining Lease No 1541 (1992) ¹	17/10/2003	16/10/2024	279.20 hectares
Hill End (NSW)	Mining Lease No 315 (1973) ¹	8/12/1976	7/12/2019	6.671 hectares
Hill End (NSW)	Mining Lease No 316 (1973) ¹	8/12/1976	7/12/2019	8.846 hectares
Hill End (NSW)	Mining Lease No 317 (1973) ¹	8/12/1976	7/12/2019	7.00 hectares
Hill End (NSW)	Mining Lease No 49 (1973) ¹	30/07/1975	7/12/2019	1.618 hectares
Hill End (NSW)	Mining Lease No 50 (1973) ¹	30/07/1975	7/12/2019	3.02 hectares
Hill End (NSW)	Mining Lease No 913 (1973) ¹	20/01/1981	19/01/2023	22.00 hectares
Hill End (NSW)	Mining Lease No 914 (1973) ¹	20/01/1981	19/01/2023	21.69 hectares
Hill End (NSW)	Mining Lease No 915 (1973) ¹	4/02/1981	3/02/2023	13.27 hectares
Hargraves (NSW)	Exploration Licence No 6996 (1992) ¹	21/12/2007	21/12/2019	24 units
Chambers Creek (NSW)	Exploration Licence No 8289 (1992) ¹	24/3/2014	20/08/2020	3 Units
Yendon (Vic)	Exploration Licence No 5457	10/09/2013	renewal pending	41 Graticules ²
Yendon (Vic)	Exploration Licence No 5461	10/09/2016	9/09/2020	4 Graticules ²
Yendon (Vic)	Exploration Licence No 6428	22/12/2017	21/12/2020	49 Graticules ²
Yendon (Vic)	Exploration Licence No 6447	22/12/2017	21/12/2020	221 Graticules ²
Yendon (Vic)	Retention Licence app No RL6734	27/07/2018	grant pending	225.2 hectares

Notes:

- 1 – Tenement is part of Hill End Gold project assets currently subject to sale process
- 2 - A graticule is essentially 1 sq. km or part thereof

Martin McFarlane
Managing Director

Media - For further information, please contact: Paul Armstrong - Read Corporate +61 8 9388 1474



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

PURE ALUMINA LIMITED

ABN

74 072 692 365

Quarter ended ("current quarter")

June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(49)	(252)
(b) development		
(c) production		
(d) staff costs	(170)	(621)
(e) administration and corporate costs	(147)	(1,068)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	10
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds	-	488
1.8 Other (provide details if material)		
Other income	-	6
Polar Sapphire transaction costs (non- recurrent costs)	(133)	(181)
Gold asset sale transaction costs (non- recurrent costs)	-	(33)
1.9 Net cash from / (used in) operating activities	(499)	(1,651)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Payments related to tenements and associated items	(41)	(206)
2.6 Net cash from / (used in) investing activities	(41)	(206)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,753	1,753
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(141)	(141)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	1,612	1,612

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	288	1,605
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(499)	(1,651)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(41)	(206)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,612	1,612
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,360	1,360

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,360	288
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,360	288

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	170
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' fees and salaries.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter*	\$A'000
9.1 Exploration and evaluation	15
9.2 Development	-
9.3 Production	-
9.4 Staff costs	152
9.5 Administration and corporate costs	309
9.6 Other (provide details if material):	
Costs related to Polar Sapphire transaction and associated activities (non-recurrent costs)	251
9.7 Total estimated cash outflows	727

* Please note that the above estimated cash outflows for the next quarter do not include expected cash inflows which may arise.

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/~~Company secretary~~)

Date: 30 July 2019

Print name:Martin McFarlane.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.